

# COMMITTEE ON GOVERNMENT REFORM

TOM DAVIS, CHAIRMAN



## **NEWS RELEASE**

For Immediate Release  
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### **Government Reform Issues Subpoena for Information About U.N. ‘Oil-for-Food’ Program**

*Additionally, National Security Subcommittee Seeks Information  
From Companies That Tracked Oil, Food Shipments*

**Washington, D.C.** – Congressman Tom Davis (R-VA) has sent a subpoena to the legal representatives of Banque Nationale de Paris S.A. seeking all records related to the bank’s work on the United Nation’s “Oil-for-Food” program in Iraq.

From the start of the program in 1997 until 2001, Banque National de Paris (BNP) solely controlled the escrow account in which Iraq’s revenues from oil sales were deposited.

The United Nations program was designed to allow Iraq to sell oil in exchange for food and other humanitarian goods needed by the Iraqi people. However, it appears that upwards of \$10 billion of this money was misspent or embezzled – used for such “humanitarian” purposes as building palaces for Saddam Hussein, or lining the pockets of those willing to engage in under-the-table transactions with the brutal dictator.

“Getting to the bottom of how these billions were spent, and who was complicit in this abuse, is important in re-establishing the credibility of the United Nations and in holding to account those who took advantage of a program that should have helped millions of Iraqis,” Chairman Davis said.

The Government Reform Subcommittee on National Security, Emerging Threats, and International Relations, chaired by Rep. Christopher Shays (R-CT), has been investigating the Oil-for-Food scandal.

In addition to the subpoena sent by the Full Committee, the Subcommittee has sent letters to the chief executives of Cotecna Inspection S.A. and Saybolt International

B.V. asking for all documents pertaining to the work they did in relation to the Oil-for-Food program. Cotecna played a major role in certifying the quality and quantity of goods entering Iraq, while Saybolt was a key player in certifying the shipments of oil leaving Iraq.

The subpoena, dated July 8<sup>th</sup> and sent to Banque Nationale de Paris through the Washington, D.C. law firm Skadden, Arps, Slate, Meagher & Flom LLP, seeks “all records referring or relating to the Agreement for Banking Services Pursuant to Security Council Resolution 986,” and all subsequent agreements between the U.N. and BNP relating to the Oil-for-Food program. The subpoena is necessary because BNP could not voluntarily produce the requested documents under its agreement with the U.N.

Chairman Davis, responding today to a letter from Ranking Minority Member Henry Waxman (D-CA), said subpoenas are always a last step. To date, the Committee has been able to conduct significant oversight – into Iraqi contracting, mad cow disease, lead in the water in the District of Columbia, National Guard pay problems and many other areas – without resorting to the use of its subpoena power.

“As you know, it is the policy of the Committee to issue a subpoena only after efforts at voluntary compliance prove futile,” Davis wrote. “As a result of this policy the Committee has, to date, been able to obtain documents needed to conduct appropriate oversight without issuing a subpoena for the production of documents. According to our records, the Committee, including the Subcommittees, has held nearly 250 oversight or investigative hearings. Such extensive oversight could not have been conducted without adequate voluntary production of documents from the individuals, firms, and government agencies involved in those hearings.”

Copies of the document requests of Cotecna and Saybolt are attached. The text of the Davis letter to Waxman follows:

July 12, 2004

Dear Mr. Waxman:

This letter responds to your request on Friday that the Committee issue a subpoena for documents related to the Development Fund for Iraq (DFI). Your request suggests that doing so would be appropriate in light of the Committee’s subpoena to the Banque Nationale de Paris, S.A. (BNP), the bank that handled transactions for the United Nations (U.N.) with respect to the Oil for Food program.

While I am willing to discuss with you further investigation of the DFI, issuing a subpoena at this point would be premature. As you know, it is the policy of the Committee to issue a subpoena only after efforts at voluntary compliance prove futile. As a result of this policy the Committee has, to date, been able to obtain documents needed to conduct appropriate oversight without issuing a subpoena for the production of

documents. According to our records, the Committee, including the Subcommittees, has held nearly 250 oversight or investigative hearings. Such extensive oversight could not have been conducted without adequate voluntary production of documents from the individuals, firms, and government agencies involved in those hearings.

Accordingly, your suggestion that a subpoena for the Federal Reserve Bank of New York, at this time, would be contrary to Committee policy on issuing subpoenas. There is simply no evidence that Congress will not be able to obtain documents voluntarily from the Administration.

As you also know, the subpoena issued to BNP was not premature because the Committee had been informed that BNP could not produce the documents voluntarily under its agreement with the U.N. According to BNP representatives, the agreement between BNP and the U.N. includes a confidentiality clause that precludes the production of relevant documents absent a subpoena. BNP's representatives also told Committee staff that they would produce the documents in response to a subpoena. Thus, unlike the DFI situation, the Committee knew that other means of obtaining the documents would be ineffective. Accordingly, the subpoena was served on BNP's representatives on Friday, July 9, 2004.

I look forward further discussions with you about these and other matters.

Sincerely,

Tom Davis  
Chairman

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